

BANK INDONESIA REGULATION  
NUMBER: 10/ 28 /PBI/2008  
CONCERNING THE PURCHASE OF FOREIGN CURRENCY AGAINST RUPIAH  
THROUGH BANKS

WITH THE BLESSING OF GOD ALMIGHTY

THE GOVERNOR OF BANK INDONESIA

- Considering :
- a. that the objective of Bank Indonesia is to achieve and maintain the stability of rupiah value;
  - b. that Bank Indonesia shall continue to implement a free foreign exchange regime;
  - c. that the global economic turbulence necessitates endeavours to minimize the purchase of foreign currency against rupiah aimed for speculative purposes;
  - d. now therefore in view of the considerations as referred to in letter a, letter b, and letter c, it is deemed necessary to stipulate a new provision concerning the Purchase of Foreign Currency against the Rupiah through Banks in a Bank Indonesia Regulation;

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

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2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as last amended by Government Regulation Substituting Act Number 2 of 2008 (State Gazette of the Republic of Indonesia Number 142 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4901);
3. Act Number 24 of 1999 concerning Foreign Exchange Flows and Exchange Rate System (State Gazette of the Republic of Indonesia Number 67 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3844).

HAS DECREED

To enact : BANK INDONESIA REGULATION CONCERNING THE PURCHASE OF FOREIGN CURRENCY AGAINST RUPIAH THROUGH BANKS.

Article 1

The terminology used in this Bank Indonesia Regulation has the following meaning:

1. Bank is a commercial bank as defined in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, including branch office of a foreign bank in Indonesia and commercial sharia banks as stipulated in Act Number 21 of 2008 concerning Sharia Banks.
2. Customer is any:
  - a. individual with Indonesian citizenship; or
  - b. Indonesian non-bank legal entity, residing in Indonesia, and holding a Tax Identification Number (NPWP).

3. Foreign ...

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3. Foreign Party is any:
  - a. foreign citizen;
  - b. foreign legal entity or other foreign institution;
  - c. Indonesian citizen with permanent residence in another country and not domiciled in Indonesia;
  - d. overseas Bank office of a Bank with its head office in Indonesia ; or
  - e. overseas corporate office of a company incorporated in Indonesia.
4. Foreign Citizen is any person of other than Indonesian nationality, including holder of permanent residence or permit to stay in Indonesia.
5. Foreign Legal Entity or other foreign institution is any foreign legal entity or institution established outside Indonesia.
6. Underlying transactions are activities considered as the basis for the purchase of foreign currency against rupiah.

## Article 2

- (1) Customers or Foreign Parties may engage in foreign currency purchase against rupiah through Banks.
- (2) The purchase of foreign currency against rupiah by Customers or Foreign Parties through Banks exceeding USD100,000.00 (one hundred thousand of US dollars) or equivalent per month per Customer or per Foreign Party, may only be engaged upon submission of evidence of underlying transactions.
- (3) The maximum amount of such purchase of foreign currency against rupiah by Customers or Foreign Parties through Bank as referred to in paragraph (2), shall only be applied at the maximum corresponding to the nominal amount of the underlying transaction.

Article 3...

Article 3

- (1) The purchase of foreign currency against rupiah by Customers covers spot, forward, and other derivative transactions.
- (2) Customers engaged in the purchase of foreign currency against rupiah through banks exceeding USD100,000.00 (one hundred thousand of US dollars) or equivalent per month per Customer must submit the following documentations:
  - a. Valid underlying transaction documents;
  - b. Copy of the Customer's identification and copy of Customer's Tax Identification Number (NPWP); and
  - c. Stamped written statement signed by the authorized person of the Customers that declares the validity of the underlying documents as mentioned in clause (a) and that the underlying document only entitles the purchase of foreign currency against rupiah in the Indonesian banking system at the maximum corresponding to the nominal amount of the underlying transaction.

Article 4

- (1) The stipulation governing the purchase of foreign currency against rupiah by Foreign Parties applies to spot outright transactions. Forward transactions and other derivative transactions are regulated by Bank Indonesia Regulations concerning restrictions on rupiah transactions and foreign currency lending by Banks.
- (2) Foreign Parties engaged in the purchase of foreign currency against rupiah through banks exceeding USD100,000.00 (one hundred thousand of US dollars) or equivalent per month per Foreign Party must submit the following documentations:
  - a. Valid documents on underlying transaction; and
  - b. Stamped written statement signed by the the authorized person of the Foreign Parties or authenticated statement that declares the validity of the underlying documents as

mentioned...

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mentioned in clause (a) and that the underlying document only entitles foreign currency purchase against rupiah up to the maximum amount corresponding to the nominal value of the underlying transactions in the Indonesian banking system.

#### Article 5

Foreign currency purchase against rupiah by Customers or Foreign Parties without evidence of underlying transaction is only allowed at the maximum amount of USD 100,000.00 (one hundred thousand US dollars) or equivalent per month per Customer or per Foreign Party.

#### Article 6

A Bank servicing the purchase of foreign currency engaged by Customers or Foreign Parties up to USD100,000 (one hundred thousand of US dollars) per month per Customer or per Foreign Party as referred to in Article 5 is obliged to demand a stamped statement from Customers or Foreign Parties or an authenticated statement from Foreign Parties that declares their purchases of foreign currency against rupiahs do not exceed USD100,000.00 (one hundred thousand of US dollars) per month per Customer or per Foreign Party in the banking system throughout Indonesia.

#### Article 7

Banks are required to collect the underlying transaction documents as referred to Article 3 and Article 4.

#### Article 8

Banks are responsible for the completeness of all requirements applicable to the Customers or Foreign Parties.

Article 9 ...

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**Article 9**

Banks violating Article 2 paragraph (3), Article 3 paragraph (2), Article 4, and Article 5 shall be liable to administrative sanctions in the form of written admonition and financial penalty of Rp10,000,000.00 (ten million rupiahs) for each violation.

**Article 10**

Transactions commenced prior to this Bank Indonesia Regulation and due subsequently after this Bank Indonesia Regulation becomes effective, are not subject to this Bank Indonesia Regulation.

**Article 11**

This Bank Indonesia Regulation shall become effective on 13<sup>th</sup> November 2008, with the exception of stipulation in Article 3 paragraph (2) clause a and clause c, Article 4 paragraph (2), and Article 7, which will become effective on 1<sup>st</sup> December 2008.

For the public to be informed, it is instructed to promulgate this act in the State Gazette of the Republic of Indonesia

Enacted in Jakarta

Dated November 12, 2008

THE GOVERNOR OF BANK INDONESIA,

BOEDIONO

Promulgated in Jakarta

Dated November 12, 2008

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MINISTER OF JUSTICE AND HUMAN RIGHTS  
REPUBLIC OF INDONESIA,

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2008 NUMBER 172  
DPD

## UNOFFICIAL TRANSLATION

# ELUCIDATION TO BANK INDONESIA REGULATION NUMBER: 10/ 28 /PBI/2008 CONCERNING THE PURCHASE OF FOREIGN CURRENCY AGAINST RUPIAH THROUGH BANKS

## I. GENERAL REVIEW

This regulation is founded on the free foreign exchange system adopted by Indonesia, where every resident may freely own and use foreign currency, as legislated by Act Number 24 of 1999 concerning The Foreign Exchange Flow And Exchange Rate System. This regulation by no means is intended to restrict foreign exchange flows or to apply capital control which may impede cross-border capital movement; it is only aimed to strengthen the administrative procedure to purchase foreign currency from banks by fulfilling certain requirements, without restricting the utilization of the acquired foreign currency.

As an institution entrusted with the objective to achieve and maintain the stability of rupiah value, Bank Indonesia will endeavour to minimize the speculation on foreign exchange transaction against rupiah. The aforementioned policy measure is expected to maintain rupiah stability thereby contributing positively to the whole Indonesian economy.

## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

Self-explanatory.

Article 3...



Article 3

Paragraph (1)

Spot transactions include transaction with value today and value tomorrow. Other derivative transactions include but not limited to options.

Paragraph (2)

Self-explanatory.

Article 4

Paragraph (1)

Spot outright transactions include transaction with value today and value tomorrow. It does not include spot transaction originating from derivative transactions.

Paragraph (2)

Clause a

In case of bonds as underlying transaction, the nominal value of underlying for the purchase of foreign currency against rupiah is equal to the value of bond plus coupon, capital gain and other related return.

In case of lending as underlying transaction, the nominal value of underlying for the purchase of foreign currency against rupiah is equal to principal amount plus interest and other related return.

In case of repatriation conducted by Foreign Parties, it must conform with the regulation concerning investment in Indonesia.

Clause b...

Clause b

Self-explanatory.

#### Article 5

The purchase of foreign currency against rupiah by Customers or Foreign Parties through Banks is calculated on a gross basis and in a cumulative amount.

Example 1:

If, on 3<sup>rd</sup> December 2008, Customer A purchases foreign currency against rupiah from Bank X amounted USD50.000 (fifty thousand US dollars) and Customer A also sells foreign currency against rupiah amounting USD25.000 (twenty-five thousand US dollars), then the total foreign currency purchased by Customer A from Bank X is USD50.000 (fifty thousand US dollars).

Example 2:

If, on 3<sup>rd</sup> December 2008, Customer X purchases foreign currency against rupiah amounting to USD30.000 (thirty thousand of US dollars) from Bank A, and on 5<sup>th</sup> December 2008 Customer X purchases foreign currency against rupiah amounting to USD50.000 (fifty thousand US dollars) from Bank B, then the amount of foreign currency purchased by Customer X during December 2008 is USD80.000 (eighty thousand US dollars).

#### Article 6

Self-explanatory.

Article 7...

Article 7

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.